

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on April 4, 2003 at 8:44
A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Trudi Schmidt (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 2, 3/22/2003
Executive Action: HB 2

- Reconvene 8:44 a.m. -

Section C:

Motion: SEN. BOB KEENAN moved that HB000222.ALT BE ADOPTED.

EXHIBIT(fcs72a01)

SEN. KEENAN advised Joe Williams, Department of Corrections would explain the amendment.

Mr. Williams said they were taking the amount of funds allocated to the Department of Corrections and allocating those as much as possible in accordance with Executive budget requests. That plan gives them the best option to serve their mission in the next two years, rather than trying to piecemeal this together later on. This is legislative approval to the Executive request.

Vote: Motion carried unanimously.

Motion: SEN. KEENAN moved that HB000223.ALT BE ADOPTED.

EXHIBIT(fcs72a02)

SEN. KEENAN said the amendment has to do with the canteen at the state prison. Mr. Williams further explained the amendment.

Vote: Motion carried unanimously.

Section D & E:

Motion: SEN. KEENAN moved that HB000236.ALT BE ADOPTED.

EXHIBIT(fcs72a03)

SEN. KEENAN said the amendment brings the Department of Corrections and the University System up to the Executive budget level contingent on passage of SB 407.

Vote: Motion carried unanimously.

Motion: SEN. KEITH BALES moved that HB000210.ATY BE ADOPTED.

EXHIBIT(fcs72a04)

SEN. BALES advised the amendment would move Reed Act funds within the Department of Labor and Industry. The language is needed in HB 2.

Vote: Motion carried unanimously.

Section A:

Motion: SEN. TOM ZOOK moved that HB000215.AGD BE ADOPTED.
EXHIBIT(fcs72a05)

CHAIRMAN ZOOK asked someone to speak to the amendment.

Jane Hamman, Office of Budget and Program Planning, said the amendment allows transfers from both the **Department of Administration** and **Department of Justice** to the **Montana Highway Patrol** retirement system. This is in accordance with GASB 34 standards.

Vote: Motion carried unanimously.

Motion: SEN. GREG BARKUS moved that HB000223.ALZ BE ADOPTED.
EXHIBIT(fcs72a06)

SEN. BARKUS said the amendment combines general fund for 2004 and 2005 for district court assumption and establishes it as a biennial and restricted appropriation.

Taryn Purdy, Legislative Fiscal Division, advised the amendment was written prior to the reversal of the 1% reduction. If that was made part of the motion, it could reflect the proper dollar amounts.

Vote: Motion carried unanimously.

Motion: SEN. KEENAN moved TO CONCEPTUALLY AMEND HB 2.

SEN. KEENAN advised he had a conceptual amendment that he and **SEN. JOHN COBB** were working on that finishes off Section B.
EXHIBIT(fcs72a07)

SEN. COBB said the first part restores \$28 million that is needed to get to the base in Human Services contingent on passage of **SB 407**. The second amendment would transfer \$740,000 from Nursing Homes for two years to Community Services and Personal Care Attendant. The next one moves general fund from the Hospital Medicaid Match to fund Medicaid Optional Services and Visual Medical. The last part removes items from the Prevention/Stabilization Account, and removes \$100,000 from Tribal TANF. The law says the department has to find the money anyway if a Tribe decides to run their own TANF program. They do not believe any Tribe is going to do that in the next two years. The Adult Protective Services grant is being removed because they were given \$50,000 last time and didn't spend it until the last two days of the fiscal year. The WIC Farmer's Market Match was cut. Money is not being added to Section B, and if **SB 407**

doesn't pass, there will be a wreck. This does not deal with daycare or child support.

SEN. KEENAN clarified the first box, the \$28,378,899 is the only additional money being put in the budget. The last three are just shifts.

SEN. COBB further explained the \$325,656 is a reduction in the account.

Discussion:

SEN. EMILY STONINGTON thanked **SEN. KEENAN** and **SEN. COBB** for this work. They are down to trying to make this whole budget work, and \$26 million is dependent on **HB 407**. The other two pieces are being transferred from hospital Medicaid match and Nursing Home Intergovernmental Transfers. She thought this was an ingenious piece of work. She added this gets them to the Executive budget base, but some things that funded today under human services are not funded in the Governor's budget that the subcommittee felt were critical. Those included childcare, drugs for the mentally ill, and programs like the MIAMI program. She hoped those could be addressed with future mechanisms, both with I-146 tobacco prevention money and a couple of other pieces moving into the Prevention and Stabilization Account. There will be some big decisions the whole body will have to make about childcare and child support enforcement.

Vote: Motion carried 17-1 with **STAPLETON** voting no.

Section E:

Motion: **SEN. JON TESTER** moved that **HB000234.ALZ BE ADOPTED.**
EXHIBIT(fcs72a08)

SEN. TESTER explained the amendment restores funds to the **Montana Arts Council** from the Research and Commercialization account. **Director Mark Simonich, Department of Commerce**, offered these dollars up to get the **Arts Council** back to a livable level. He thought it important to do this. He thought back to an economic development conference he went to a couple of years previously, and arts and culture were the second highest item that brought businesses into the state. He thought the **Arts Council** does really good work on a minimal amount of money. Their share of the general fund budget is actually less than it was 25 years ago. He encouraged concurrence with the amendment.

Discussion:

SEN. BEA MCCARTHY thanked **SEN. TESTER** for bringing this forward, and cited the importance to schools. She described a trunk of goodies coming into her classroom on some topic they had been studying or some topic in history. She noted there was excellent testimony in the hearing by people from all over the state, including artists. She encouraged support of the amendment.

SEN. STONINGTON clarified when she offered the amendment on a previous day, it generated \$160,000 of general fund savings. At the time she offered it, it restored a portion of the **Arts Council** money. She appreciated what **SEN. TESTER** is doing, because at the time she offered that amendment, she hadn't realized how deeply the cuts had gone into the **Arts Council**. This is a very nominally budgeted item that goes to every community in this state. Over the last several biennia, the funding for the **Arts Council** has continued to be cut. Comparisons of the **Arts Council** funding to other agencies and the general fund were submitted. **EXHIBIT(fcs72a09)** This is "Shakespeare in the Parks" and the trunk program that **SEN. MCCARTHY** talked about. This brings art to every community in the state, and is of benefit to the smallest and largest communities in Montana. She urged support.

SEN. BALES asked what level would the amendment take the **Arts Council** up to.

SEN. STONINGTON advised it would be to current law.

Carleen Layne, Montana Arts Council, advised the level is the 2002 adjusted level, not counting the global cuts that were enacted the day before. It is about \$350,000 each year.

SEN. BALES asked how that compares to the Governor's budget.

Ms. Layne stated it was a little higher than the Governor's budget.

SEN. BALES indicated his thought was they were having a hard time getting other things up to the Governor's budget, and he questioned whether or not they ought to take this over the Governor's budget.

SEN. ED BUTCHER maintained he was a big supporter of the arts, but thought some of these areas may require a little patronage.

CHAIRMAN ZOOK asked **Arnie Fishbaugh, Director, Montana Arts Council**, how much over the Governor's budget this would be.

{Tape: 1; Side: B}

Director Fishbaugh said \$55,000 a year. She knew there was a sensitivity about the Governor's budget. This money was offered up by the **Department of Commerce** specifically for this destination. There is not a negative impact on the general fund. This agency had been historically funded low, and just the cut in the Governor's budget reduces a third of their grant programs. The money was offered up by the **Department of Commerce** to bring them back to the current level. It would be very important, and impact the whole state. She said they would very much appreciate the committee's consideration.

SEN. STONINGTON asked the committee to look at the first chart that was handed out (Exhibit 9) to see the change in total funds in different agencies compared to what the **Arts Council** has experienced. Inflation during the period from 1994-2000 was 16%. The **Arts Council** funding has increased 7%, and they are at the lowest end. She clarified when the amendment was brought on the previous day to pull the administrative funds from the **Research and Commercialization Board** out of the general fund and reduce the general fund expenditures, a portion of that was to be used in part to restore the **Arts Council** funding. Even if this amendment is passed, there will still be savings from that first amendment to the general fund.

SEN. LINDA NELSON asked if someone from the **Department of Commerce** could speak to this.

Director Simonich clarified the department was seeking to move staff from the research board into the statutory appropriations. That was accomplished with the amendment offered by **SEN.**

STONINGTON. That frees up \$88,000 per year of general fund. They identified those monies were available, and worked with the **Arts Council** throughout this session trying to figure out how to fix the reductions they had below the Governor's budget. The department told them this was a way to do it where there was an offset. The amendment does not take anything away from the **Department of Commerce** or the **Research and Commercialization Board**. A committee bill will remove the statutory appropriation, and this is contingent on the passage of that.

SEN. BARKUS thanked **SEN. TESTER** for sharing the chart, because it tells them why they're in the problem they're in. There are agencies in the state that have grown far beyond the inflation rate. He supports the **Arts Council**, but the chart tells it all.

CHAIRMAN ZOOK noted there are still agencies that aren't up to the Governor's budget.

SEN. TESTER said it is important to realize that, but it is also important to realize the **Arts Council** has been below the rate of inflation by a considerable amount of money--7% over the last 6-7 years. It is also important to note that **Director Simonich** said there was no general fund impact. The bottom line for him, is he thought it is really important to the overall long-term economic success of the state. He encouraged their endorsement of the amendment.

CHAIRMAN ZOOK maintained it is general fund money they are talking about.

Vote: Motion failed 9-10 with **COBB, COONEY, MCCARTHY, NELSON, SCHMIDT, SHEA, STONINGTON, TESTER, and TROPILA** voting aye.

Motion: **SEN. ZOOK** moved that HB000233.ALZ BE ADOPTED.
EXHIBIT (fcs72a10)

CHAIRMAN ZOOK advised this program does some interesting things, and that is what drew his attention. One of the things he thought was interesting is money is spent on the status of sensitive bat species in south-central Montana. He thought they really need to know just how sensitive those little fellas are. There is another one that deals with bats--the bat use of highway bridge structures. This is a two-year study to examine the extensive patterns of bat use of highway bridges in south-central Montana. He thought they must have a lot of bats. Another one he thought was interesting was the status and distribution of small mammals and reptiles associated with sagebrush. He said it wouldn't take long in his country to figure that out. There is no question that parts of what they do is very important, but he thought some of this is a total waste of money. A lot of it is federal special, and has never really been examined to the best of his knowledge. That is why he asked to have this amendment prepared. He thought somebody needs to look at this, and it needs to be talked about. He thought the **Legislative Finance Committee** is a good place to do that.

SEN. COONEY agreed that accountability is extremely important. He indicated this may appear to be somewhat silly to all of them, and not everything government does is the most important thing in the world. He was interested in knowing about the genesis of some of the issues **SEN. ZOOK** raised. He wondered if the **Department of Transportation** had an issue with bats hanging out underneath bridges and causing some sort of problem, or if someone just dreamed this up to spend money.

CHAIRMAN ZOOK advised he gets two stories--one from the **Department of Transportation**. They have to inspect these bridges, and they're concerned about those little fellas. He thought netting would work, if that was the problem. That would go along with the other study on the sensitive nature of these bats.

SEN. COONEY said the amendment was fine, but it wouldn't hurt to have some explanation.

CHAIRMAN ZOOK said there is another body of thought that thinks these bats can help with West Nile Virus. They are going in two different directions, and funding them both.

SEN. MCCARTHY said she didn't know anything about bats, and didn't want to get into that part of the discussion. She thought it was good they report to the **Environmental Quality Council**. During the last tenure at the **EQC** they reported a number of times on water and dry well issues. The monitoring needs to be done prior to when the money is handed out; afterwards it's kind of a follow-up. That would be what she would encourage.

CHAIRMAN ZOOK said the amendment still shows **EQC**, and it should be the **Legislative Finance Committee**. If the **EQC** has been monitoring it, and the money is still being spent this way, he thought it was time for it to go somewhere else.

SEN. MCCARTHY said they never monitored it. The interim committee got reports on what they did, and found out about water wells.

CHAIRMAN ZOOK advised he figured nobody has been monitoring them.

SEN. BILL TASH said he was a member of the **EQC**, and the information is readily available. For reasons of accountability, it would be better placed with the **Legislative Finance Committee**. In regards to the sensitive bats in the Beaverhead, the study held up highway construction for a period of time because it involved an endangered species.

CHAIRMAN ZOOK professed whether they pass the amendment or not, he felt better already just talking about it. He said it is one of those things they'll have fun with at branding time.

SEN. SCHMIDT asked **SEN. STAPLETON** about his motion the previous day that cut all the agencies 10-20%. He wondered if they would be able to use their cell phones, or if they will have to do an oral report.

Vote: Motion carried unanimously.

Section A:

Motion: SEN. KEENAN moved that HB000236.ALZ BE ADOPTED.

EXHIBIT(fcs72a11)

SEN. KEENAN advised in HB 1, there was a motion on the House floor to take \$200,000 out of the legislative start-up costs, and the bill was passed. There will be no money available for opening caucus for the 2005 session, or for legislative orientation. He said it could be put back into the legislative budget in HB 2.

CHAIRMAN ZOOK thought this is an important amendment for those who are coming back. He hoped there would be support for it.

SEN. STONINGTON wondered if they would adjourn by Easter.

SEN. KEENAN indicated it is projected there is enough money in the budget for 88 days, and almost 89.

Vote: Motion passed 17-1 with COONEY voting no.

Boilerplate and Section A:

Motion: SEN. KEENAN moved that HB000235.ALZ BE ADOPTED.

EXHIBIT(fcs72a12)

SEN. KEENAN advised this was one of those contingent voidness, coal tax trust fund, mission impossible amendments. This one is connected to the trigger in 17-7-140, which has to do with the expenditure appropriations not exceeding available revenue. They were in that situation in the late spring and early summer of 2002. Ultimately, it led to a special session. The ending general fund balance for the biennium will be at least 1% of the general fund appropriations during the biennium. It would take an unprecedented number of votes on HB 2 to accomplish this, but he would be able to say he tried to avoid a special session. There is a direct appropriation from the coal tax trust fund of \$25 million, should the 17-7-120 trigger be hit. With this trigger, the payroll for state government goes on, the operating expenses will be scrutinized, and the services offered in DPHHS will be cut. The amendment puts language in HB 2 that if by some miracle they get a 75% vote in both Houses, this amendment will prevent the Governor from having to go in and cut those services to people that rely on those services to stay alive.

Discussion:

SEN. TESTER asked if the amendment would require a 3/4 vote of the committee. **SEN. KEENAN** said no, a simple majority. **SEN. TESTER** asked if **HB 2** will then require a 3/4 vote. **SEN. KEENAN** replied on third reading.

CHAIRMAN ZOOK said just this part would fall off if it failed on third reading.

SEN. KEENAN clarified if **HB 2** passes by a simple majority, this section will fall out.

Clayton Schenck, Legislative Fiscal Analyst, advised this appropriates to the Governor's office. Some language might be needed that makes it clear that they can allocate it to those programs. He asked for leeway so they can make the language work technically.

CHAIRMAN ZOOK indicated that would be fine.

SEN. KEENAN said another piece of this puzzle is that they have **SB 483**, which he is carrying for the **Senate Finance Committee** that reduces the trigger point proportionately through the biennium, so that they're not down to eight months to go in the biennium, hit the trigger, and statutorily have to make these cuts. He thought they would have to suspend the rules for that. He hadn't yet presented the bill to the **Senate Finance Committee**.

SEN. TESTER said it appeared to him if the ending fund was adequate, they wouldn't be faced with the trigger. He asked if they would need at least \$50 million.

SEN. KEENAN said they didn't dare go below \$45 million. With the economic uncertainty in the country as well as the global situation and the situation in Iraq, he couldn't think where they would be with the budget in 16-18 months.

SEN. TESTER said he would oppose the amendment. He thought it is their job when they come here to put forward a budget that doesn't put them into a special session. He thought it was absolutely critical not to develop a budget with the certainty of hitting the trigger. He thought it was really important as legislators to fund programs at a reasonable level from long term revenue sources. He thinks this is a mistake, and didn't think it is reasonable. If it is being done to provide cover for a special session, then he thought they needed to look at realistic ways to stop that special session from occurring.

SEN. BUTCHER advised they just went through a situation where everything was adequate in the 2001 projections. He thought it was prudent management to have a backup system. Otherwise if there are shortages of revenue in the sales tax and income tax, there is a lot of volatility. It could be down one quarter dramatically, and suddenly up dramatically the next quarter. He thought this type of legislation adds a stability factor. They need to keep the long-term in mind. He felt the volatility would increase, and this amendment would provide for good government and is good policy.

SEN. COONEY said he had the same concerns as **SEN. TESTER**. He addressed **SEN. KEENAN** and said this was the second motion he had brought forward to take money from the coal trust. He didn't see any sort of plan to try to pay the money back, and was curious to know if **SEN. KEENAN** thought that was important. **SEN. KEENAN** indicated he would not encumber a future legislature with paying this back, and also recognized this is a black and white issue-- it is either something they support or don't support. It would be his intent to pay it back. *{Tape: 2; Side: A}*

SEN. DEBBIE SHEA asked **SEN. KEENAN** how the trigger actually works, and what is required of the Governor.

SEN. KEENAN advised in 17-7-140 the Governor is recognized as the chief budget officer of the state. It is the Governor's obligation to insure the expenditure of appropriations does not exceed the available revenue. In the event there is a projected general fund budget deficit, the Governor "shall direct agencies to reduce spending in an amount that insures that the projected ending fund balance for the biennium will be at least 1% of all general fund appropriations during the biennium. A particular agency may not be required to reduce spending for any program by more than 10%." The state has been through this in the previous eight months. The most striking cuts were in human services with provider rates cutbacks, but ultimately there were reductions in services to those people that can't survive without those services. This is to prevent that type of approach. One thing that was very bothersome to him, was the Governor's budget office put forth the proposal for three or four days off for state employees without pay unless there were critical conditions. That was the one area of discussion before the special session. It was alarming to him that was rejected, and was fought against. The legislature ultimately reduced provider rates and the services to the disabled, the mentally ill, and those certified in **DPHHS**. The priorities were more toward meeting payroll and state employees maintaining their paychecks as opposed to the services provided to the needy.

SEN. SHEA asked about **REP. ROY BROWN'S** bill to take money from the coal tax and pay it back with a cigarette tax. She wondered how it works in that instance, and yet any kind of payback with this can't be guaranteed.

SEN. KEENAN said his understanding is it is a transfer, not a loan.

Vote: Motion passed on a voice vote.

- RECESS - 9:45 A.M. -
- RECONVENE 10:16 A.M. -

Motion: **SEN. TASH** moved TO RECONSIDER COMMITTEE ACTION ON HB000210.ATP.

SEN. TASH indicated the action was for general reductions in the budget in various agencies to add money to the general fund. The figure was \$6 million.

SEN. MCCARTHY asked if this was reconsideration of **SEN. COREY STAPLETON'S** amendment.

Vote: Motion carried unanimously.

Motion/Vote: **SEN. TASH** moved to RESCIND HB000210.ATP. Motion carried unanimously.

Section E:

Motion: **SEN. KEENAN** moved that HB000233.AGY BE ADOPTED.
EXHIBIT (fcs72a13)

SEN. KEENAN advised the amendment reverses a floor amendment in the House that appropriated \$5.2 million to **OPI** contingent upon an increase in cigarette tax revenue.

SEN. TESTER asked if this comes out of special education revenue.
SEN. KEENAN advised that is correct, and is about \$36 million.

Director Chuck Swysgood, Office of Budget and Program Planning, advised the amendment would bring it back to what the Governor appropriated for special education. That was dependent on passage of a cigarette tax.

SEN. TESTER asked if this was in the Governor's budget. **Director Swysgood** said no, not the \$5.3.

SEN. STONINGTON said the amendment removes \$5.3 million from special education if the cigarette tax passes. She asked about the correlation between the two.

Director Swysgood said this was put in contingent on the passage of a cigarette tax, and the amendment reverses that. In the **DPHHS** budget, they gave an extra \$8 million of Medicaid money for special ed besides the \$34 million within the regular budgeting process.

SEN. STONINGTON said she recalled the transaction to use a portion of Medicaid money for special education. She didn't understand if the cigarette tax does not pass, why these are tied together.

Ms. Purdy explained the original amendment added money contingent on passage of a cigarette tax. This takes the \$5.3 million so there is no contingent cigarette tax in the bill at all.

SEN. STONINGTON said special ed is not losing funding, they are just making sure they're not double funding it. **Ms. Purdy** indicated that is correct.

SEN. KEENAN advised the Governor's budget was for \$34.9 million. This was in addition, contingent on the cigarette tax, and the contingency would be taken off. **HB 2** still has some contingent cigarette tax indirectly through **HB 407**. It would not go into special ed.

CHAIRMAN ZOOK said instead of \$39 million for special ed, it would be back at it's original figure of \$34 million which was the Executive.

SEN. MCCARTHY said one of the big concerns they had in this department was with No Child Left Behind because of the testing of special ed children. She wanted reassurance the amendment doesn't harm funding that is coming through from the feds or jeopardize anything.

Director Swysgood advised he wouldn't favor removing this if it would jeopardize any of that. He hoped the \$8 million of Medicaid match and the original amount budgeted would suffice.

Vote: Motion carried unanimously.

Section D:

Motion: **SEN. BALES** moved that **HB000236.ALT BE ADOPTED.**

EXHIBIT (fcs72a14)

SEN. BALES advised the amendment adds \$234,020 general fund to County Attorney Payroll for the state share of salaries in 2003. He said there were conflicting laws, and one says the state doesn't have to pay if it doesn't have the money. This would take it up to the base, with no inflation built in.

SEN. MCCARTHY asked what happens if the county doesn't have the money, and if they are obligated to pay. **SEN. BALES** advised he didn't know.

Vote: Motion carried unanimously.

Section B:

SEN. STONINGTON advised she had an amendment that would just go into the Narrative. This goes back to the bill she tried to get passed on emergency rule. She had run out of options, except to put an urging into the Narrative for **DPHHS** that when they use emergency rule to make budget reductions, that they provide a thirty day notice and conduct a public hearing prior to making those budget reductions. This has no force of law, and is the best they were going to do for this session.

Motion/Vote: **SEN. STONINGTON** moved that **HB000213.ATP BE ADOPTED**. Motion carried unanimously. **EXHIBIT**(fcs72a15)

Ms. Purdy advised a committee bill was needed to implement the **Montana University System** appropriation in **HB 2**. **EXHIBIT**(fcs72a16)

Pam Joehler, Legislative Fiscal Division, advised when **Greg Petesch, Legislative Services**, looked at the money in **HB 2**, there were a couple of areas in the **University System** he recommended be addressed. The recommended change to **HB 2** language was passed, and this would be the section of statute that would have to be changed. The front page of the handout is the current statute and the proposed statutory change (Exhibit 15). This puts language into statute that has been in **HB 2** for a long time.

Ron Sundsted, Associate Commissioner of Fiscal Affairs, Montana University System advised this is not a big issue, and they had no concerns.

Vote: Motion carried unanimously.

Section C:

Motion: SEN. SHEA moved that HB000218.ATY BE ADOPTED.
EXHIBIT(fcs72a17)

SEN. SHEA advised legislators don't always understand all of the activities and programs in Montana that are working and doing great things for the state. This amendment concerns the Community Technical Assistance Program, which has been a critical part of local government since 1967. It provides technical assistance on issues relating to land use planning, subdivisions, etc. Two land use planners and a part-time attorney respond to planning queries from local governments across the state, and provide well-attended workshops and seminars for planning board members, staff, city and county commissioners, developers, realtors, and surveyors. Every two years, they provide local governments and land use professionals with high quality publications that contain the most recent legislative changes in planning and subdivision law. In this session alone, nearly 100 bills were introduced that affected land use and planning law. There are new laws that are hard for communities to understand. This was included in the original budget, and was removed during subcommittee action by the **House Appropriations Committee** because it didn't generate a federal match. She had emails from several counties urging them to put the money back in for the program.

CHAIRMAN ZOOK said they meant it didn't generate a federal match like it would if it had gone to human services.

Director Simonich advised this program was eliminated in subcommittee by a unanimous vote, and they did not ask to have it restored. It is about \$270,000 a year general fund. It is not tied to any federal dollars. When the department met with the chairman of the subcommittee, they looked at areas to cut. This is one of the very few areas in their department that has general fund where they do not use the funding to match other federal monies. Any other areas would have the additional federal cuts involved as well. The department offered this up to the subcommittee.

SEN. SHEA asked if there are areas within the department that will be able to take care of the concerns for communities.

Director Simonich indicated there will be some areas where the department will continue to provide some assistance to local governments partly through the Community Development Block Grant Program, etc. They will not provide the same level of service they have done in the past. He pled with the subcommittee not to continue to cut, but to make the determination there is something they are not going to do any longer.

SEN. BUTCHER said they have to get general fund revenue from somewhere, even from programs that are useful. This is one of the things recognized by the subcommittee, and the vote was unanimous.

Vote: Motion failed on a voice vote.

Motion: **SEN. BUTCHER** moved that HB000232.AGH BE ADOPTED.
EXHIBIT (fcs72a18)

SEN. BUTCHER advised the amendment is in response to **HB 360**. No other agency receives up-front retirement liability. It is a spending authority issue that needs to be addressed.
{Tape: 2; Side: B} This is in anticipation of the passage of the bill.

SEN. STONINGTON asked the department for an explanation.

Jeff Hagener, Director, Fish, Wildlife, and Parks, said this proposal was in their budget and has nothing to do with **HB 360**. They brought this forward through the Executive budget process before **HB 360** was ever drafted. They are anticipating 59 long-term employees will retire over the next biennium. There is a \$.75 million retirement liability for annual leave and one-fourth of the sick leave. If **HB 360** passes, their liability will be about \$3 million, and the annual leave and sick leave will not be covered. Without this money, these positions will have to be held open. This was approved in subcommittee as restricted, one-time-only.

SEN. BUTCHER advised these may or may not materialize within the budgeting process. It is a special revenue agency, but if their spending habits are not monitored, there could be fee increases.

SEN. STONINGTON said it didn't sound as if there was any double dipping going on.

Vote: Motion failed 18-1 with **BUTCHER** voting aye on a voice vote.

Section A:

Motion: **SEN. COONEY** moved that HB000211.AGD BE ADOPTED.
EXHIBIT (fcs72a19)

SEN. COONEY stated he withdrew an amendment the previous day, and received additional information about it. It deals with the

Appellate Defender Program. He stated **SEN. RICK LAIBLE** was in support of this amendment as the Vice-Chair of the subcommittee. This is a small agency with only three FTE's and a budget of \$358,000 for the biennium. The amendment would return the unspecified legislative reduction of \$16,000 to adjust the base to the 2000 base for state special revenue. The agency absorbed \$21,400 in the Governor's reductions in the 2005 biennium, and additional reductions will not allow them to provide services. They have many fixed costs, but not many expenditures to adjust. They are assigned cases by the district courts. If they can't take these cases, the state contracts with private attorneys, and it costs the state more money. His other concern is hamstringing the agency further could involve a lawsuit costing millions of dollars.

SEN. LAIBLE advised he supports the amendment. The department is at the point where they aren't going to be effective. He didn't think it is a lot of money.

SEN. COONEY advised the agency was going to be folded into **SB 218**, and it is his understanding that may eventually happen, but not until after the next legislative session.

SEN. KEENAN wanted to ask a question of **Greg DeWitt, Legislative Fiscal Division**.

CHAIRMAN ZOOK commented this includes the 1% they already restored.

SEN. KEENAN stated this is now general fund which began in FY 03, and is tied to the big bill from last session, **HB 124**. It used to be state special revenue from district court criminal reimbursement. He asked what the transformation was, and if this is costing more since district court assumption. He referred to A-145 of the Narrative.

Mr. DeWitt recalled this was part of **HB 124** from last session, and was a phased in approach. They were state special revenue, and became general fund in FY 2003. The base was state special. The motion was made on the second day of the current session to roll back to the 2000 base of general fund. They didn't have a base, so the subcommittee selected the state special revenue appropriation as their base equivalent to 2000 general fund. The amendment is to reverse the reduction, and it is not new money.

CHAIRMAN ZOOK asked if it was correct the subcommittee set a base level for them.

Mr. DeWitt explained the subcommittee had a 0 base because of the motion. They used the state special revenue equivalent for the same year as the global motion.

CHAIRMAN ZOOK asked if they used what had been spent in state special revenue as their base.

Mr. DeWitt replied yes.

CHAIRMAN ZOOK asked if this was an increase over the base level they set.

Mr. DeWitt said if they were to take the state special revenue base for 2002 as their base, this motion backed them from that level down to the 2000 base.

CHAIRMAN ZOOK asked if they were funded like they were in the past with just state special revenue, what level that would be.

Mr. DeWitt advised it would be the equivalent of passing this motion.

SEN. KEENAN asked if the \$3615 restored from the 1% cut was in this amendment.

Mr. DeWitt advised the amendment only addresses the budget on page A-135, which does not have the money for the 1%. It is not a double counting.

CHAIRMAN ZOOK asked if this is the correct figure and shouldn't be less \$3600.

SEN. COONEY said he would be happy to make a conceptual amendment to take into account the 1% reduction that was restored. It was done earlier on another amendment.

CHAIRMAN ZOOK indicated staff would figure it out. He invited the budget director to speak to this.

Director Swysgood explained the Executive budget funding for the **Appellate Defender**. He indicated the \$16,038 in the amendment restores them to the level of the Executive budget and it should be right.

Vote: Motion carried unanimously.

Motion/Vote: SEN. KEENAN moved TO CLOSE ALL SECTIONS OF HB 2.
Motion carried unanimously.

Motion/Vote: SEN. KEENAN moved that HB 2 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 12:00 P.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs72aad)